

Message Text

LIMITED OFFICIAL USE

PAGE 01 STATE 005066

60

ORIGIN EB-03

INFO OCT-01 ISO-00 /004 R

66602

DRAFTED BY: EB/ICD/TRP:PPILKAUSKAS

APPROVED BY: EB/ICD/TRP:PPILKAUSKAS

----- 108886

R 091816Z JAN 75

FM SECSTATE WASHDC

INFO RUFNPS/AMEMBASSY PARIS 0000

AMEMBASSY BONN

USMISSION OECD PARIS

AMEMBASSY BRUSSELS

USMISSION GENEVA

AMEMBASSY LISBON

AMCONSUL LUANDA

AMEMBASSY SAN JOSE

AMEMBASSY STOCKHOLM

AMEMBASSY THE HAGUE

AMEMBASSY BRASILIA

AMCONSUL RIO DE JANEIRO

AMEMBASSY YAOUNDE

AMEMBASSY BANGUI

AMEMBASSY KINSHASA

AMEMBASSY COTONOU

AMEMBASSY ABIDJAN

AMEMBASSY TANANARIVE

AMEMBASSY LOME

AMEMBASSY MEXICO

AMEMBASSY KUALA LUMPUR

AMEMBASSY SAN SALVADOR

AMEMBASSY OTTAWA

AMEMBASSY OSLO

AMEMBASSY COPENHAGEN

AMEMBASSY HELSINKI

AMEMBASSY BOGOTA

AMEMBASSY GUATEMALA

AMEMBASSY NAIROBI

AMEMBASSY MADRID

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 STATE 005066

USMISSION EC BRUSSELS

LIMITED OFFICIAL USE STATE 005066

FOLLOWING SENT ACTION SECSTATE, JAN 7, FROM LONDON RPTD
TO YOU:

QUOTE LIMITED OFFICIAL USE LONDON 00235

E.O. 11652: N/A

TAGS: OCON, ICO

SUBJECT: COFFEE: WORKING GROUP ON NEGOTIATION OF A
NEW AGREEMENT

REF: LONDON 16341

1. SUMMARY. WORKING GROUP (WG) ON NEGOTIATION OF A
NEW AGREEMENT MET JANUARY 6 AND, AFTER THRASHING AROUND,
DECIDED TO CONSTITUTE TWO SUB-GROUPS TO CONSIDER ISSUES
RELATED TO SUPPLY/DEMAND (INCLUDING MECHANISMS FOR
REGULATING SUPPLY) AND PRICES. BOTH SUB-GROUPS WILL
BE COMPOSED OF MEMBERS OF EXECUTIVE BOARD PLUS
PORTUGAL, COSTA RICA, SWEDEN AND THE NETHERLANDS. WG
ALSO DECIDED TO MEET AGAIN WEDNESDAY A.M. FOR
PRESENTATION AND QUESTION/ANSWER SESSION FROM THOSE
COUNTRIES WHICH HAVE SUBMITTED FORMAL PROPOSALS
(BRAZIL, NETHERLANDS, OAMCAF, PORTUGAL, SWEDEN,
UGANDA), OR ARE ABOUT TO SUBMIT THEM (MEXICO, ZAIRE,
MALAYSIA). IN MEANTIME, ON TUESDAY, CONSUMERS
CAUCUSED AND EXECUTIVE BOARD MET TO CONSIDER LATEST
REPORT OF WG ON INDICATOR PRICES (SEPTEL). SUB-GROUPS
SCHEDULED TO MEET THURSDAY AND FRIDAY. FOR MOST PART,
FIRST DAY PROCEEDED IN BUSINESS-LIKE, NON-POLEMIC
FASHION UNDER CHAIRMANSHIP OF ACTING EXECUTIVE DIRECTOR
LOUDON. END SUMMARY.

2. FIRST SESSION OF WG CALLED TO ORDER BY DEPUTY
EXECUTIVE DIRECTOR LOUDON WHO REPORTED EXECUTIVE
DIRECTOR BELTRAO DOWN WITH FLU AND EXPECTED TO BE OUT
MOST OF WEEK. IT WAS DECIDED TO ELECT EXECUTIVE
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 STATE 005066

DIRECTOR (LOUDON ACTING) AS CHAIRMAN OF WG. LOUDON
REPORTED THAT PROPOSALS FOR A NEW AGREEMENT HAD RECENTLY
BEEN RECEIVED FROM PORTUGAL, SWEDEN, MALAYSIA AND ZAIRE.
MEXICO (AT P.M. SESSION) INDICATED IT WOULD ALSO SUBMIT
WRITTEN PROPOSALS. AFTER SOME DISCUSSION, IT WAS DECIDED
TO RESERVE WEDNESDAY A.M. FOR FORMAL PRESENTATIONS OF
PROPOSALS BY THOSE COUNTRIES WHO WISHED TO DO SO AND
FOR QUESTION/ANSWER SESSION ON ALL PROPOSALS. LOUDON

INDICATED SWEDEN, NETHERLANDS AND PERHAPS PORTUGAL WOULD INTRODUCE THEIR PROPOSALS. BRAZIL (RAFFAELLI) INDICATED IT WOULD ANSWER QUESTIONS.

3. AT REQUEST OF UK, ICO STAFF CIRCULATED A SUMMARY OF THE SALIENT POINTS OF PROPOSALS SUBMITTED THUS FAR FOR WG TO CONSIDER IN CONNECTION WITH ORGANIZATION OF WORK PROGRAM.

4. DISCUSSION SIDETRACKED WHEN EL SALVADOR REP (MARTINIZ) SUGGESTED ALL MEMBERS SHOULD BE PREPARED TO COMMENT ON PRODUCER STATEMENT (REFTEL) THAT "AN INDISPENSABLE CONDITION FOR CONCLUSION OF A NEW AGREEMENT IS INCLUSION OF GUARANTEE SYSTEM FOR BASIC PRICES, INCLUDING AUTOMATIC, PERIODIC ADJUSTMENTS IN ORDER TO MAINTAIN REAL SALE VALUE OF COFFEE." FRG REP (RORIG) ASKED WHAT SYSTEM THE PRODUCERS HAD IN MIND AND HAD THEY ALREADY WORKED OUT A NEW SYSTEM FOR MARKET DISTRIBUTION. BRAZIL SUGGESTED DISCUSSION SHOULD FOCUS ON PRINCIPLES, NOT MECHANISMS. OAMCAF (N'DIA) SAID HE DIDN'T CARE HOW WG APPROACHED TOPIC SO LONG AS THEY BROKE THE CIRCULAR DISCUSSIONS OF THE PAST AND GOT DOWN TO SPECIFICS. FRG REP SAID THAT IF "GUARANTEE" AND "AUTOMATIC" MEANT WHAT HE THOUGHT THEY DID, THE FRG HAD PROBLEMS WITH PRODUCER STATEMENT. FRANCE (GALLO) SAID PRESIDENT OF FRANCE WOULD CONSIDER COMMODITY PROBLEMS SOMETIME IN JANUARY AND HE COULD NOT ANTICIPATE FRENCH POSITIONS. MEXICO (DAVID PENA) SUPPORTED EL SALVADOR/BRAZIL AND STATED NOT TIMELY TO DISCUSS MECHANISMS. CANADA (MUSGROVE) OBJECTED THAT IF PRODUCER STATEMENT WAS MEANT AS A PRECONDITION OR ULTIMATUM, IT WAS UNACCEPTABLE SINCE IT WAS UNCLEAR, IMPRECISE AND NOT LIKELY TO LEAD TO CONSTRUCTIVE DIALOGUE. USREP SUPPORTED CANADIAN AND LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 04 STATE 005066

SUGGESTED DISCUSSION RETURN TO WORK PROGRAM. SHORTLY THEREAFTER MORNING MEETING ADJOURNED.

5. AFTERNOON DISCUSSIONS DEVOTED LARGELY TO TOPICS AND SIZE OF SUB-GROUPS. EARLY CONSENSUS EMERGED THAT SUPPLY/DEMAND SITUATION (INCLUDING MEASURES TO CONTROL SUPPLY) AND PRICES WERE MOST IMPORTANT SUBSTANTIVE AREAS FOR SUB-GROUPS TO STUDY. BRAZIL SUGGESTED SUB-GROUPS BE COMPOSED OF WG MEMBERS PLUS TWO ADDITIONAL CONSUMER MEMBERS AND TWO PRODUCERS. AFTER PROLONGED DISCUSSION SEATING ARRANGEMENTS FOR ADDITIONAL MEMBERS IN EXECUTIVE BOARD ROOM IT WAS DECIDED TO ADD THE NETHERLANDS, SWEDEN, PORTUGAL AND COSTA RICA TO THE SUB-GROUPS.

6. WG SCHEDULED TO MEET AGAIN WEDNESDAY, JANUARY 8, TO HEAR FORMAL PRESENTATION OF PROPOSALS SUBMITTED. SUB-GROUPS WILL MEET JANUARY 9 AND 10. CONSUMERS CAUCUSED MORNING JANUARY 7 FOLLOWED BY SPECIAL MEETING OF EXECUTIVE BOARD HELD TO CONSIDER REPORT ON INDICATOR PRICES SUBMITTED BY THE STATISTICS GROUP. AT CONSUMER CAUCUS ALL CONSUMING COUNTRIES, INCLUDING SCANS AND NETHERLANDS, STATED THEIR GOVERNMENTS OPPOSED TO CONCEPT OF "AUTOMATIC INDEXATION" AND MOST EMPHASIZED IT PARTICULARLY INAPPROPRIATE FOR COFFEE. HOWEVER, SEVERAL INDICATED THEY COULD SUPPORT PROVISIONS FOR PERIODIC NEGOTIATIONS ON PRICE GOAL ADJUSTMENTS WHICH WOULD TAKE INTO ACCOUNT MARKET DEVELOPMENTS AS WELL AS PRODUCTION COST INCREASES, AND OTHER RELEVANT FACTORS. CONSENSUS OF CAUCUS WAS THAT SALVADOR DEMAND FOR "DECISION ON PRINCIPLE" HAD BEEN SUCCESSFULLY BLUNTED AND THAT WHILE ISSUE WOULD UNDOUBTEDLY COME UP AGAIN IN SOME FORM OR ANOTHER, THIS COULD TURN OUT TO BE A NEGOTIATING TACTIC. SPIERS UNQUOTE. KISSINGER

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: COFFEE, AGREEMENTS, INTERNATIONAL ORGANIZATIONS, COMMITTEES, NEGOTIATIONS
Control Number: n/a
Copy: SINGLE
Draft Date: 09 JAN 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: MorefiRH
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975STATE005066
Document Source: CORE
Document Unique ID: 00
Drafter: EB/ICD/TRP:PPILKAUSKAS
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D750009-0984
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19750165/aaaacexe.tel
Line Count: 188
Locator: TEXT ON-LINE, ON MICROFILM
Office: ORIGIN EB
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 4
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 75 LONDON 16341
Review Action: RELEASED, APPROVED
Review Authority: MorefiRH
Review Comment: n/a
Review Content Flags:
Review Date: 10 APR 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <10 APR 2003 by KelleyW0>; APPROVED <16 MAY 2003 by MorefiRH>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
05 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: COFFEE: WORKING GROUP ON NEGOTIATION OF A NEW AGREEMENT
TAGS: OCON, ETRD, XX, ICO
To: PARIS MULTIPLE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006